

DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D.C. 20548

32127

FILE:

B-219324

DATE: August 30, 1985

MATTER OF:

Western Roofing Service

DIGEST:

1. Contracting agency's rejection of sole bid on the basis of unreasonable price, resulting in cancellation of the solicitation, was proper when the bid price was significantly higher than the government's estimate and the record discloses no bad faith or fraud on part of the contracting agency in making its determination.
2. Sole bidder on IFB canceled on the basis of unreasonable price was not prejudiced by disclosure of its price and the government estimate to nonbidders where it had opportunity to bid on the resolicitation and was aware of the government estimate.

Western Roofing Service (Western) protests the cancellation by the General Services Administration (GSA) of invitation for bids (IFB) No. OPR-9PPC-85-20559, a small business set-aside, for roofing at the Social Security Administration Western Program Center in Richmond, California.

We deny the protest.

Western submitted the only bid under the IFB, in the amount of \$492,998, 56 percent higher than GSA's estimate of \$316,891. The contracting officer determined that Western's bid was unreasonable as to price. Therefore, he rejected it and canceled the IFB. We note that upon resolicitation, a contract was awarded to another bidder in the amount of \$259,800.

Western alleges that GSA's estimate of \$316,891 for this solicitation, which involves approximately 60 percent of the roof work on the building, is unreasonable because it is less than the \$420,058 (revised after bid opening to \$337,944) estimated by GSA for approximately 40 percent of

033028

the roof work in Western's previous year contract. Western believes that if GSA estimated \$337,944 for 40 percent of the work, it should have estimated \$506,916 for 60 percent of the work. Western also notes that a 1982 estimate for 100 percent of the reroofing was only \$490,351.

GSA responds that the estimate for the previous contract involving about 40 percent of the work was higher because it included more detail work, such as demolition and reconstruction of cement work, and work associated with window-washing equipment. GSA notes that after Western's bid was received on this solicitation, GSA's estimators reexamined the government estimate and found it reasonable. Because Western's bid substantially exceeded the government estimate and no other bids were received, GSA believes the cancellation of the IFB was justified. We agree.

The Federal Acquisition Regulation (FAR), 48 C.F.R. § 14.404-1(c)(6) (1984), provides that a solicitation may be canceled after bid opening if the prices of all otherwise acceptable bids are unreasonable. Such a determination of unreasonableness involves broad discretion on the part of the contracting officer. Mid South Industries, Inc., B-216281, Feb. 11, 1985, 85-1 C.P.D. ¶ 175. Our Office will not question such a determination unless it is clearly unreasonable or there is a showing of fraud or bad faith on the part of the contracting official. Security Fence Company, B-218587, July 22, 1985, 85-2 C.P.D. ¶ _____. We have recognized that a determination of price unreasonableness may be based upon a comparison with a government estimate. Western Roofing Service, B-208395, Mar. 29, 1983, 83-1 C.P.D. 322; International Alliance of Sports Officials, B-210491, B-210491.2, B-210491.3, Jan. 10, 1984, 84-1 C.P.D. ¶ 63. In reviewing a contracting officer's exercise of his broad discretion in this area, we have noted the inexact nature of government estimates. Schottel of America, Inc., B-190546, Mar. 21, 1978, 78-1 C.P.D. ¶ 220.

Here, GSA has submitted for our in camera review the government estimate which sets out the different elements GSA used to develop its estimate. As noted above, GSA's estimators reexamined the government estimate after receipt of Western's bid and determined it to be reasonable. Furthermore, as noted above, GSA explained that its estimate for the previous contract was higher because the work was more detailed. In light of this evidence, we have no basis to question the reasonableness of GSA's estimate. Lashcon, Inc., B-201833, June 9, 1981, 81-1 C.P.D. ¶ 469. Since Western's bid was 56 percent higher than GSA's estimate, and neither fraud nor bad faith have been shown here, we find no

basis for questioning the contracting officer's decision in this case. We have found cancellation to be justified where the low bid was as little as 7.2 percent greater than the government estimate. Building Maintenance Specialists, Inc., B-186441, Sept. 10, 1976, 76-2 C.P.D. ¶ 233.

Western contends that since the government's estimate for the canceled IFB was not kept confidential and Western's bid has been made public, a resolicitation will not ensure fair competition. According to Western, after bid opening and before the IFB was canceled, GSA contacted its list of roofing contractors, asked if they would be interested in bidding on a resolicitation, and revealed the government's estimate. Western states that GSA later expressed regret that the estimate had been revealed and gave assurances it would not happen again. In its report, GSA responds that the estimate was inadvertently made public, and that a potential problem with the resolicitation has no impact on the propriety of the cancellation.

We do not find that Western has been prejudiced by the disclosure of its bid price and the government estimate for the canceled solicitation. As we have stated in the past, although any cancellation for unreasonable price may result in nonbidders having another chance to bid with the knowledge of the prior bid price, the competition the second time also provides the bidder who bid an unreasonable price another opportunity to bid as well and this time at a reasonable price. Stewart-Thomas Industries, Inc., B-196295, Mar. 5, 1980, 80-1 C.P.D. ¶ 175. Western was aware of the estimate and had the same opportunity and knowledge to compete on the resolicitation as other competitors.

The protest is denied.

for Seymour Egan
Harry R. Van Cleve
General Counsel